

CITY OF MORGAN HILL  
JOINT REDEVELOPMENT AGENCY AND  
SPECIAL CITY COUNCIL MEETING  
MINUTES - JANUARY 24, 2001

**CALL TO ORDER**

Chairman/Mayor Kennedy called the meeting to order at 7:04 p.m.

**ROLL CALL ATTENDANCE**

Present: Agency/Council Members Carr, Chang, Sellers, Tate and Chairman/Mayor Kennedy

**DECLARATION OF POSTING OF AGENDA**

Lisa Lewis, Acting City Clerk, certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION:**

**PLEDGE OF ALLEGIANCE**

At the invitation of Mayor Kennedy, Bernie Mulligan, Chairman of the Blue Ribbon Task Force, led the Pledge of Allegiance.

**PUBLIC COMMENT**

Mayor/Chairman Kennedy opened the floor to public comments for items not listed on the agenda. No comments were offered.

***Redevelopment Agency***

**CONSENT CALENDAR:**

Chairman Kennedy requested that Item No. 1 be pulled from the Consent Calendar.

**Action:** *On a motion by Agency Member Sellers and seconded by Agency Member Tate, the City Council unanimously (5-0) approved Consent Calendar Item No. 2 as follows:*

**2. ANNUAL STATE REDEVELOPMENT REPORTS**

**Action:** *Filed the 1999/2000 Redevelopment Agency's Annual Report of Financial Transactions, Housing Annual Report of Housing Activity, and Property Report.*

## **1. DECEMBER 2000 FINANCE AND INVESTMENT REPORT**

Chairman Kennedy indicated that former Agency Member Cook requested that separate accountings be conducted for the previous \$100 million cap and the new extended cap of \$147 million. He requested that Finance Director Dilles explain how this accounting is being conducted.

Finance Director Dilles indicated that the report makes reference to the old and new plans. He referred to the monthly narrative report and indicated that it mentions that the Agency, as of December 31, has collected \$100 million in tax increment revenue under the original plan and \$13,844,797 toward the plan amendment cap of \$147 million. Therefore, approximately \$114 million has been collected under the RDA plan: \$100 million collected under the old plan and \$13,844,797 collected toward the new plan. The report before the Agency does not indicate which expenditures have been charged to the old plan versus the new plan. He stated that as of June 2000, there is approximately \$15 million in the capital projects' fund, \$7 million of which was collected under the old plan and \$8 million under the new plan.

Chairman Kennedy stated that he was expecting to see two separate statements for the different entities. He recommended that how the Agency accounts for these two different funding sources be discussed at a Finance and Audit Committee meeting as it is important to keep these two funds separate and account for them appropriately.

**Action:**        *On a motion by Agency Member Tate and seconded by Agency Member Chang, the Agency Commission unanimously (5-0) Accepted and filed the report.*

## ***City Council Action***

### **CONSENT CALENDAR:**

**Action:**        *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) Approved Consent Calendar Items 3 & 4 as follows:*

### **3. AGREEMENT WITH THE STROMBOTNE LAW FIRM**

**Action:** Authorized the City Manager to Execute an Amended Consultant Agreement with the Strombotne Law Firm.

### **4. APPLICATION FOR JOBS/HOUSING BALANCE IMPROVEMENT PROGRAM PLANNING GRANT - Resolution No. 5451**

**Action:** Adopted Resolution No. 5451: 1) Authorizing the City Manager to Submit an Application for a Jobs/Housing Improvement Program (JHIP) Economic Planning Grant in the Amount of \$94,090; 2) Authorizing the City Manager to Appropriate \$9,410 as the Required Grant Match; and 3) Authorizing the City Manager to Negotiate and Execute Grant Documents.

### **OTHER BUSINESS:**

## **5. REPORT FROM BLUE RIBBON TASK FORCE ON COMMUNITY HEALTHCARE**

City Manager Tewes presented the staff report and informed the City Council that in September 2000, it appointed a Blue Ribbon Task Force (BRTF) to review certain issues relating to medical services in the community. He indicated that Chairman Mulligan and members of the Task Force were present to make their report.

Bernie Mulligan, chairman of the BRTF, presented the BRTF Committee Report for Community Healthcare dated January 2001. He indicated that the BRTF was appointed by the City Council to prepare recommendations on the formation of a nonprofit foundation or other appropriate mechanism which would provide ongoing leadership in marshaling all community resources to accomplish the policy objectives established by the City Council. He identified the 10 primary objectives set by the City Council at a study session held April 5, 2000. He also identified the three secondary objectives. He indicated that the BRTF members consist of Karen Anderson; Glenda Garcia, Kit Greenberg, Rudy Gonzalves, Coleen Hanamura, Joe Mueller and he. He indicated that the BRTF members worked together for the past four months and felt that they have come up with solutions. He indicated that on behalf of the Mayor and City Council, a request for proposal (RFP) was sent out on April 17, 2000 seeking information and input for the provision of medical services for the citizens of the Morgan Hill community. He indicated that the following proposals were reviewed:

Catholic Healthcare West: Offered to provide services as a joint venture with the City for a medical building. While they offered to give the city \$2 million, it was under the stipulation that none of the funds were to be used to support any program threatening the future of St. Louise Regional Hospital. He indicated that a subsequent letter was received that altered this stipulation and the conditions were somewhat alleviated. However, he noted that the conditions contained in the CC&Rs are tight with respect to the existing facility for any medical use. In addition, the City's general fund would be involved.

The Morgan Hill Community Hospital Limited and Liability Corporation: A proposal was submitted and subsequently withdrawn due to the site acquisition issue. The Corporation submits that once site acquisition is obtained and direction is identified, they would resubmit their proposal. The BRTF Committee expressed concern with control coming from outside the community.

Tennant Healthcare Systems: This proposal would require major subsidies and the control of the center would be outside the community.

National Surgical Hospitals: This proposal would not contain an emergency room, the community would lose control of the hospital and would provide limited services.

Mr. Mulligan indicated that the BRTF has considered every medical service proposal presented as well as other scenarios that might provide healthcare for Morgan Hill. He indicated that the BRTF performed a healthcare assessment. He stated that a survey was conducted in November 2000 amongst 400 Morgan Hill residents by GLS Research. The survey was conducted by trained professional interviewers, using generally accepted practices allowing for a  $\pm 4.9\%$  of error at a 95% competency level. The result was broad-based support for a hospital at full community services. It was found that the most important service to the community was 24-hour emergency

service. One thing to keep in mind is that 78% of all emergency care conditions can be met by an urgent care facility. He noted that 77% of the residents believe that City government must address the lack of a hospital. He indicated that 42% of the residents expressed concern with spending tax dollars on the issue while 55% believe that tax dollars should be spent on the issue. He felt that the community wants and will support a community hospital with the most immediate need being emergency care. OB-GYN service is also a primary concern. The community sees the City as the appropriate entity to do everything it can to assure that there is a hospital in Morgan Hill. He stated that a significant number of physicians expressed a desire to have healthcare facilities in Morgan Hill. He indicated that physicians, specialists and medical groups from Los Gatos, San Jose and other nearby communities have expressed an interest in providing services should a hospital or an urgent care center be made available. He indicated that he met with Dr. Richard Fox, a pediatric surgeon, and read a letter from Dr. Fox into the record addressing the urgent need for expanded children's medical and hospital services in mid and south Santa Clara County areas. He noted that the only children's hospital in Santa Clara County is the Lucille Packard Hospital in Palo Alto, located at the extreme northern end of the county. Dr. Fox indicates that he and other colleagues would be interested in looking at the possibilities of developing a satellite facility for children's medical services in Morgan Hill should the city decide to proceed with a plan for a medical or hospital facility.

Mr. Mulligan stated that urgent care providers are waiting to locate in Morgan Hill. He indicated that two focus groups were conducted in October 19, 2000 consisting of residents from the Morgan Hill area. The groups represented a good cross section of the community. The random selection of interviewees was made in accordance with industry standards and procedures. Many articulated the need for a local hospital and had strong feelings that the control of a hospital should remain within the community. They particularly had a strong belief that it was the responsibility of Morgan Hill city government to assure that there is a local hospital. However, some were strongly opposed to a city run hospital or paying higher taxes to have a hospital.

Mr. Mulligan stated that many of the statistics of the HOM report presented in spring 2000 were dated and may not have been inclusive to the local area. However, the survey did provide the committee with good data and helped the committee reach its conclusions. It reviewed problems that faced Catholic Healthcare West (CHW) and found that it could not attain the required market share and could not attract/retain new general practitioners. It was found that the population did not grow at a rate to meet its business model. The report provided a number of scenarios that assisted the committee in reaching its conclusion. It is felt that development of the area is key for the success of the Morgan Hill Community Healthcare Foundation or new healthcare facility.

Mr. Mulligan stated that after many months of discussions with healthcare providers and a community survey, including physician interviews, the BRTF Committee recommends the pursuit of a phased action plan to ultimately return to a full functional hospital serving Morgan Hill and its environments. He indicated that the Committee has made the following assumptions: 1) The City of Morgan Hill is interested in facilitating a viable hospital venture which would not put the general funds in jeopardy. 2) The community must maintain a voice in the operation of any healthcare facility. 3) The city is not interested in owning or operating a hospital. 4) A hospital in the City of Morgan Hill is needed and the need is now.

Based on the above items as well as on the analysis of the various proposals that have been put forth by the committee, the Committee recommends the following action steps:

- 1) A Morgan Hill Community Healthcare Foundation be established to provide healthcare services, including a hospital.
  - a. The articles of incorporation and filing of the application for a nonprofit status be processed as soon as possible so that the Foundation Board and the BRTF can act in harmony.
  - b. The BRTF be appointed to serve as the organizing board of the foundation until the 501(c)(3) determination has been made by the IRS. At which time, the Foundation board shall reconstitute in keeping with the bylaws. The Board shall have seven directors, five of whom shall reside in the City of Morgan Hill or its sphere of influence, two will be healthcare or medical professionals; and one shall be a non-voting city council member.
- 2) A feasibility study shall be conducted to determine the amount of dollars that can be raised for the healthcare project. This will be done through discussions with local corporations, foundations and the public who may be interested in supporting such a project. The feasibility study advisory committee to consist of a total of 12 representatives from the foundation, medical community and business community.

The focus of the study report is to:

- S Verify that the project and the dollar needs identified in the summary case statement are practical and have merits. The dollars to be expended will produce significant results.
  - Determine the urgency in the case in the minds of perspective major donors and identify which element of the case are most dramatic and appealing to them.
  - Evaluate the public's image of the Morgan Hill Community Healthcare Foundation's concept with relation to potential donors in its service area.
  - Uncover early any problems or situations that could adversely affect fund raising results along with identifying competing campaigns.
  - Consider and analyze the current local and national economic situations and other issues in the bay area as they relate to the fundraising climate.
  - Examine the quality and level of available leadership and assist their willingness to step up and accept key campaign positions.
  - Determine the impact of the capital funds campaign on the city's future annual fund raising development.
  - Develop the shortage critical path and calendar which will allow for production of maximum results, taking into consideration the scope of the program, the probable size of the prospect list and the special characteristics of the appeal.
  - Test the environment for planned giving.
3. The City should continue to pursue whatever avenues are available to obtain facilities and/or land for a hospital. The City should assist the foundation in establishing the kind of medical services and hospital the City of Morgan Hill needs and deserves.
4. The City to retain a site zoned for a hospital.
5. The City must insure that the citizens maintain a level of control over their destiny as far as healthcare is concerned.
6. Develop a business and marketing plan for providing medical services.

Mr. Mulligan summarized by stating that the need for medical care exists in Morgan Hill now, noting that the city

has lost more than 80% of its service providers. The only way to meet the existing need is with a full service hospital. The community wants services that can only be provided in a hospital. Doctors will only come if there is a place that they have confidence in to practice and refer patients. The Community strongly wants a hospital and that any medical facility must be affordable. He indicated that a new hospital would cost over \$1 million per bed. He indicated that he met with Howard Klausen, retired CEO of La Natividad Hospital located in Salinas. They just recently built a wing on the hospital with 96-beds at a cost of \$116 million - over \$1 million per bed. It is felt that the reopening of the hospital can be done for a fraction of new construction costs. It is also felt that there must be local control as the loss of services cannot be allowed to happen again. A significant number of medical service providers, including physicians, have approached the Task Force to be a part of the project and are anxious to establish practices in Morgan Hill, provided that there is a high quality hospital in place. The BRTF committee is requesting that the City Council accept the report, act on the recommendations by establishing the foundation, and allow the BRTF to continue its work.

Mayor Kennedy thanked the BRTF for its time and efforts in the process. He noted that the BRTF worked hard and diligently to put the report together.

Mayor Pro Tempore Sellers noted that the City Council received the report this evening. He felt that it was important for the City Council to study the information before moving forward. He recommended that public comments be directed to the conclusion of the report or that comments be deferred until such time that the City Council agendas this for future action, if deemed appropriate.

Mayor Kennedy stated that it was his understanding that the process of forming a foundation is a slow process. He noted that the mission given to the BRTF committee by the City Council was to advise it on the formation/establishment of a foundation and to get everything ready so that it can proceed. Assuming that the City Council is comfortable with making a decision of forming a foundation, after receipt of public testimony and asking questions, he would recommend that the City Council take the procedural steps to get the foundation started. He felt that a foundation can be neutral to the issue of the existing hospital and can proceed irrespective of this.

Council Member Tate stated that he would support scheduling a workshop with the BRTF because he has several questions that need explanation. He wanted to understand the definitions and implications in a workshop environment. He also needed clarification regarding the foundation.

Mr. Mulligan stated that a foundation would be needed no matter what action is taken by the City Council (e.g., medical office building or a full service hospital). Delaying action would take that much longer to receive a 501(c)(3) IRS letter in order to operate as a non profit foundation. He clarified that you cannot attract outside money until you have a foundation established.

Council Member Carr stated that he has questions that need to be answered such as why does the City Council need to give its approval in order for a foundation to be started? He stated that he would support filing a 501(c)(3) application. He wanted to know the mission statement of the foundation and how it will relate to the goals that the City Council approved in April 2000. He felt that there are a lot of questions that need answers/clarification. He said that he understood the goals and the need for a foundation but that he did not understand how the city would interact with the foundation.

Mr. Mulligan responded that the City Council requested that the BRTF establish a foundation, noting that the BRTF provided the framework for the establishment of a foundation. He stated that he would agree to meet in a workshop setting. However, delay in proceeding would result in the delay of receiving a nonprofit foundation status.

Council Member Tate asked if you needed bylaws in advance of applying for a foundation?

City Attorney Leichter informed the City Council that when a letter is submitted to the IRS, you also submit bylaws with the application as you should have a defined statement. The IRS will look at the statement to determine if this would be a truly tax exempt organization. She indicated that typically, individuals will file bylaws and a mission statement with a report on what it intends the foundation to accomplish. She indicated that bylaws can be changed. However, you want the IRS to know precisely what you intend the foundation to do. If bylaws are amended substantially, you run the risk that the IRS will come back and revoke the status.

Council Member Chang inquired how long it would take to draft the bylaws and the mission statement before filing for a 501(c)(3)? City Attorney Leichter responded that it would take three to six months. She noted that you do not need the approval of the IRS to form a foundation. The foundation can be formed but that it would not be tax exempt and would not be able to accept contributions pending receipt of the IRS ruling.

City Manager Tewes identified the series of actions being recommended by staff, clarifying that the BRTF recommendations have been incorporated in the six recommended action items as follows: 1) accept the report; 2) direct staff to disseminate and circulate the report for public review; 3) direct staff to review the reporting, particularly with respect to its implementation; 4) authorize the formation of a nonprofit foundation; 5) consider the request from the BRTF committee to extend their term pending the receipt of the non profit status; and 6) agendaize the balance of the report and its recommendation for Council consideration on February 21, 2001.

Mr. Mulligan concurred with staff's recommendation as long as the City Council gives the BRTF the authority to proceed with the request to receive a ruling from the IRS. He introduced Amy Simon, GLS Research survey consultant and Vince Bradley, Bradley & Associates Consulting who were present to answer questions which the City Council may have.

Mayor Kennedy recommended that the City Council discuss how it will handle the process following the public hearing. He opened the floor to public comment.

Andy Froumis, 1524 Kennebec Court, stated that he and his wife moved to the Coyote Ranch subdivision because of its proximity to the St. Louise Hospital. He indicated that he has a heart condition with a pace maker and that the difference between life and death is a matter of getting to a hospital within the first 3-5 minutes. He stated that Dr. Watson is his healthcare provider and noted that he is moving his practice out of the area. He stated that St. Louise Regional Hospital, located in Gilroy, has had problems with providing emergency healthcare. He felt that Morgan Hill is in need of a healthcare facility and stated his support of reopening St. Louise Hospital.

Arthur College, 15200 Monterey Road, felt that there are a lot of emotional issues being raised and felt that the city needs to deal with some of the practicalities and impracticalities of providing a full service hospital versus the level

of services that the community can use. He felt that the City should start small and build up as the services are demanded rather than looking at trying to provide all levels of service. He noted that CHW closed its facility because it could not make money. If the City heads in its current direction, he felt that the city will be ultimately subsidizing someone down the road. He noted that an earlier study stated that the community cannot support two regional hospitals in the area. The City would be competing with what is located in Gilroy. If Gilroy closes, the community will end up with no facilities between San Jose and Salinas. He felt that there were a lot of issues that need to be addressed before the City runs full speed ahead. He felt that the city is focusing on what has been lost versus what can be gained by the organization that currently owns the former St. Louise Hospital Site (San Jose Christian College). He felt that both entities could be accommodated if small medical facilities are built, noting that the city is focusing only on one entity. He noted that the economy is slowing down and that people are being laid off. He recommended that the City proceed cautiously and go about this in a manner that will benefit the entire community.

Ean Kreisor and Jeff Land yielded their time to Dr. Roger Salstrom.

Roger Salstrom, 16235 Denali Drive, informed the City Council that he is a business professor at San Jose State. He distributed prepared comments and addressed the business/financial issues. He noted that he received a copy of the BRTF summary at 5:30 p.m. this evening and had very little time to review it in detail. He addressed the HOM Group study performed on March 1, 2000. The report suggests that a majority of Morgan Hill residents receive their healthcare outside of Morgan Hill. The report recommends options other than a hospital and felt that these options need to be studied. The study states that the projected growth rate of Morgan Hill is 1% per year. This is not considered rapid growth and should be considered when reviewing options. He noted that St. Louise Hospital was the smallest hospital in the area and was losing money. Typically, small hospitals have trouble making money as opposed to larger hospitals based on the numbers that he reviewed. He addressed the survey conducted in November 2000. He was critical of the survey and that he stands by his criticism. A couple of key numbers were not pointed out in the presentation: 75% of the residents felt that their needs would be met with a medical building with private doctors office and a laboratory and that 88% of the residents felt that their needs would be met with a 24-hour clinic, increasing to 93% with a full service hospital. He found it unusual that the city wants to move full speed ahead with a full service hospital and commit millions of dollars in subsidies to increase peoples' needs by 5%. He felt that the financial conditions have worsen since the closure of St. Louise Hospital. Costs for hospitals have increased, including costs for staff. There is a nursing shortage nationwide, being more acute in the bay area and that conditions for turning a profit will become worse. The revenues for hospitals are fixed as they are restricted by HMOs and Medicare on how much they receive. He noted that the proposal to use the St. Louise site would require a subsidy of \$2 million for five years, noting that the General Fund has \$9-10 million. He inquired where the \$2 million per year is to come from? He asked if the police/fire force would be laid off to provide medical care? The report indicates that \$18-20 million would be necessary to purchase the site a year ago. He felt that the purchase cost would be \$20-30+ million at today's land cost. He felt that there may be extensive legal fees to take over the land but was not sure if it can be done due to the Religious Land Use and Institutional Persons Act. He noted that other options were proposed at no cost to the City. If you provide a low volume hospital, some operations are not as safe as if you were at a hospital that provides larger range of services. He felt that these were important things to consider and that something needs to be done to improve medical care. He did not believe that a full service hospital is financially responsible nor justified. He felt that starting with a small medical facility and growing into it would make sense.



Robert Benich, 498 Via Sorrento, felt that the City was in a critical time and that the City Council must exert strong leadership, maintaining a vision of what the city will become. He recommended that the city move forward and reestablish quality healthcare in the Morgan Hill area. The city must not give up the existing hospital building as it would be impossible to build a facility 10 years from now based on the \$1 million per bed cost. He urged the City Council to accept staff's recommendation.

Bill Conlon, 17210 Copperhill Drive, a 27-year Morgan Hill resident, noted that there were previous years of studies and discussions with the state medical board regarding South Valley Hospital and the opening St. Louise Hospital. The Board felt that St. Louise Hospital could survive if properly managed. He felt that Columbia mismanaged several hospitals, closing several hospitals in several communities for share holders' profits over patients' care and needs. He felt that it was time for Morgan Hill to exercise its rights to retain its hospital using eminent domain.

Laura Guido, 1565 Edmundson Court, manager of Cardio-Pulmonary services at St. Louise Regional Hospital, indicated that she worked at the Morgan Hill hospital for four years. She felt that what the community liked about the hospital was the good care they received. Part of the reason the hospital had problems were attributed to the lack of patients. She said that St. Louise Regional provides good pediatric services. She noted that the former hospital was losing millions of dollars and felt that the same would happen with the reestablishment of a hospital. She felt that it would be in the best interest of the City to allow San Jose Christian College to move in as it would be a good use. She said that it is not a problem being 20 minutes from a hospital for those who live in San Jose, noting that St. Louise Regional is located only 10 miles south. She did not believe that it made sense to spend more money when a hospital will not survive.

Donald Sweet, 275 Burnett Avenue, stated that he resides in a senior mobile home park located on Burnett Avenue with more than 166 homes in the park. He indicated that emergency ambulances are at the park on many occasions and that healthcare is a primary concern to senior citizens, including quick emergency service and access. He did not support losing a hospital that is already built only to start over again. He requested that the hospital be retained as it is needed.

No further comments were offered,

Mayor Kennedy stated that a question was raised by Council Member Tate and Mayor Pro Tempore Sellers whether additional time was needed to review the report and recommendations before acting. He noted that the City Council does not have the bylaws before it. He said that it was suggested by Council Member Tate that a workshop with the Task Force be held so that the Council can be made aware of what is needed before acting on the issue. He felt that there were some actions that could be taken this evening.

Council Member Tate noted that Mr. College stated that the City Council was heading in a particular direction. He did not believe that the City Council was heading in a specific direction as the City Council has not discussed a direction nor that the City Council has made a decision to date.

Mayor Pro Tempore Sellers felt that the City Council could move forward and support staff recommendations 1, 2, and 3. He supported a workshop with the Task Force to be held in the next couple of weeks as there is a large

amount of background work that needs to be performed before submitting forms for the formation of a nonprofit foundation such as the development of draft bylaws so that the Council can review them at that point. He recommended that the Task Force be directed to take the initial steps regarding the formation of a foundation. He felt that a foundation was an easy step to take. He noted that the Task Force pointed out all of the different reports and surveys that have been conducted for the universal formation of a foundation. However, the type of foundation that is created is very important. He stated that he would like to review the membership of the foundation and to make sure that the City finds individuals who would meet the specific needs of the foundation. He felt that the City has leaned on the Task Force members and expressed concern about extending their charge further. He felt that the initial steps to move forward with the foundation can be done between now and the time that a workshop is held.

**Actions:**      *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0): 1) **Accepted** the Blue Ribbon Task Force's (BRTF) Report on Community Healthcare in Morgan Hill; 2) **Directed** Staff to Disseminate and Circulate the Report for Public Review and Comment; 3) **Directed** Staff to Evaluate and Report on the Implementation of the BRTF Recommendations; 4) **authorized** the BRTF to continue its work until the next meeting and a determination of the next step(s) to be taken; and 4) **Agendized** the Balance of the BRTF Report for Consideration at the City Council Meeting on February 21, 2001.*

Mayor Pro Tempore Sellers stated that he would support a motion to allow the Task Force to begin the preliminary steps and background required for the formation of a foundation between now and the time that a workshop is scheduled. At that time, more substance to the foundation can be given with additional direction as it relates to the membership and the details of the bylaws.

City Attorney Leichter informed the City Council that staff has worked with the Task Force and that a preliminary draft of the bylaws has been created. She said that staff can bring back the report on the implementation of the foundation back to the City Council and identify the steps that need to be taken for the formation of a foundation and work with the Task Force at the same time. This would allow staff time to return with draft documents to the City Council for its review.

Council Member Tate asked if the preliminary bylaws reflect objectives or goals? City Attorney Leichter responded that the preliminary bylaws lay out a procedure for appointment and how meetings are to be conducted, including a mission statement.

In response to Council Member Chang's question, City Attorney Leichter did not believe that it would take three months to complete a draft mission statement and bylaws as they are in a workable stage. She indicated that it is estimated that it would take three months to receive the IRS determination. She stated that the formation of a foundation does not require that it be a nonprofit initially. She said that it would be possible to go ahead and set up the foundation and conduct the preliminary steps such as getting the bylaws in place, appoint the foundation members, establish the meeting schedule and then send a letter to the IRS for their consideration.

**Action:**      *On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Tate, the City*

*Council unanimously (5-0) **authorized** the Task Force to perform the preliminary steps on the formation of a Foundation by February 21 and that a special joint meeting be scheduled with the Blue Ribbon Task Force.*

**CLOSED SESSION:**

City Attorney Leichter announced the following closed session items:

**1.**

**CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION**

Legal Authority:	Government Code 54956.8 & 54956.9© (1 potential case)
Real Property(ies) involved:	APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Road (St. Louise Hospital property)
City Negotiators:	Agency Members; Executive Director; Agency Counsel; and F. Gale Conner, special counsel
Closed Session Topic:	Potential Litigation

**2.**

**CONFERENCE WITH LEGAL COUNSEL: EXISTING LITIGATION**

(Subdivision (a) of Section 54956.9)

Name of Case:	City of San Jose v. Morgan Hill Unified School District, City of Morgan Hill, and South San Jose Interests; Santa Clara County Superior Court, CY 79-4073
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**3.**

**CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION & CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

Legal Authority:	Government Code 54956.8 & 54946.9(c)
Property:	APN 779-05-010 & 010; 13865 Monterey Road (46.96 acres)
Negotiating Parties:	
For City/Agency:	City Manager/Executive Director; Public Works Director, Director of Business Assistance & Housing Services; City Attorney/Agency Counsel; Special Counsel
For Property Owners:	William Sing and Young Kay Mock; The GFI Company

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor/Chairman Kennedy opened the closed session items to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION:**

Mayor/Chairman Kennedy adjourned the meeting to closed session at 8:25 p.m.

**RECONVENE:**

Mayor/Chairman Kennedy reconvened the meeting at 10:49 p.m.

**CLOSED SESSION ANNOUNCEMENT:**

City Attorney/Agency Counsel Leichter announced that no reportable action was taken on the above listed closed session items.

**ADJOURNMENT**

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 10:50 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**Irma Torrez, City Clerk/Agency Secretary**